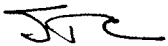


**AGREED MINUTES OF THE 3RD UNITED STATES – CHINA MARITIME
CONSULTATIVE MEETING**


1. Delegations from the United States Department of Transportation, Maritime Administration, and the People's Republic of China Ministry of Transport, met in Memphis, Tennessee on December 15 & 16, 2008, to review their Bilateral Maritime Agreement and other matters in the maritime services sector. The Chinese side was led by Vice Minister Xu Zuyuan, and the United States' delegation was led by Maritime Administrator Sean T. Connaughton. Full delegation lists follow as Attachment One. The agreed agenda for the meeting follows as Attachment Two. The discussions were both friendly and productive.

2. Administrator Connaughton and Vice Minister Xu observed that current economic conditions were having a severe negative influence on the level of shipping between the two countries, but that the long-term outlook for maritime relations remained strong. The signature of the new bilateral maritime agreement in 2003 set the stage for fruitful cooperation that the forthcoming change of administration in the United States will continue. Both sides identified the increasing problem of piracy as a possible new area for collaboration. In 2009, the United States and China will celebrate the 30th anniversary of the reestablishment of their diplomatic relations as well as the resumption of maritime trade between the two nations. Both sides agreed to exchange further ideas with regard to the ceremony commemorating the first voyage after the resumption of bilateral maritime trade and a ministerial-level seminar in April 2009.

3. The U.S. side provided further information about U.S. visa policy for crewmembers. While promoting a principle of reciprocity and mutual benefit, the United States approaches visas for crewmembers in the overall context of bilateral consular relations. The United States was pleased to see progress on some issues following a meeting between the two countries in October 2008 on the consular agreement of 2005 and anticipates productive discussions on crew visas once the issue of repatriation of Chinese nationals is resolved. The Chinese side noted continuing problems relating to crew visas. Although Article 9 of the China-United States Maritime Agreement specified the Chinese Seafarer's Passport as the recognized identity document, Chinese seafarers are still required to hold passports with a valid transit visa when joining a ship in the United States. In addition, the Chinese side pointed out a problem that Chinese mariners are also required to hold an identity document with a crew visa to go ashore. The U.S. side replied that Article 10 allows crewmembers to go ashore in accordance with applicable laws and regulations of the other party and that the United States requires mariners to have a crew visa. The Chinese side further noted that Chinese crewmembers were not permitted to go ashore at certain U.S. ports even when they had proper documents. The U.S. side asked for further information about these ports in order to promote a solution to this problem.

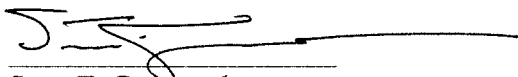


4. To address the concerns raised by China at last year's bilateral consultations, the U.S. side reported on progress made in revising the regulations on differentiated treatment of cargo loaded in U.S. ports and bound for China. The Chinese side expressed its appreciation for the U.S. side's efforts to abolish this outdated regulation in the future.
5. The delegations continued their discussions about bonding requirements for U.S. non-vessel-operating common carriers (NVOCCs) applying for authorization to do business with China. In response to questions from the U.S. side, the Chinese side explained that the bonding mechanism in the 2003 Memorandum of Consultations only applied to NVOCCs doing business between U.S. and Chinese ports. U.S. NVOCCs offering services in any other trades with China had to make a deposit of 800,000 RMB to a designated bank in China. The Chinese side saw need for an adjustment of the dollar amount of the bond filed with the U.S. Federal Maritime Commission to reflect exchange rate fluctuations. If a U.S. NVOCCs provided a bond with a value lower than 800,000 RMB, the Chinese side proposed that the NVOCCs should deposit the difference with a designated bank in China. The U.S. side replied that financial guarantees should reflect a risk assessment based on loss experience. Both sides agreed to have further communications to study the issue.
6. The delegations reviewed changes in competition policy. Both sides exchanged views about the elimination of the block exemption for liner conferences and discussion agreements in the European Union. The Chinese side provided an explanation of the Anti-Monopoly Law that took effect in China in August 2008 and reported that the Chinese side will carry out an evaluation of possible changes in regulations for the maritime industry.
7. The U.S. side raised strong concerns about the regulation recently adopted by the European Union on recognized organizations. In particular, the United States believes that the mandate for classification societies to negotiate mutual recognition agreements for certification of equipment and materials will have a negative impact maritime safety. The Chinese side believes that Article 10 of the EU regulation expands authority of the European Union to vessels flying the flags of non-EU countries, which interferes with the internal affairs of other countries and has a negative impact on the safety of the international maritime industry. Both sides agreed to continue a further exchange of ideas in the future for possible further action.
8. Noting that the growth of the economy in China was creating a new market for cruises, the U.S. side explained its policy for passenger shipping. Both sides exchanged information about the role of the central government in promoting growth in the cruise industry and about measures to promote safety and financial responsibility.

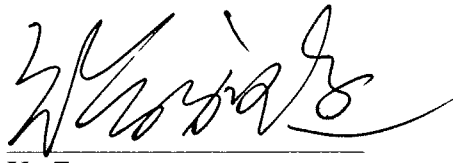


9. Both sides discussed other maritime policy issues. The Chinese side reported on the experience with its policy to reflag Chinese-owned vessels in foreign registers. In response to questions from the Chinese side, the U.S. side reviewed U.S. cargo preference and the Maritime Security Program and their vital role in ensuring adequate maritime industry support for U.S. defense interests.
10. The Chinese side raised concerns about the impracticality and burden of the provisions in the Importer Security Filing regulations relating to foreign cargo remaining on board (FROB). The U.S. side replied that industry stakeholders had raised similar concerns to the U.S. Department of Homeland Security. In response, the Department of Homeland Security will phase in enforcement of the requirements and conduct a review of problems encountered implementing the program.
11. The U.S. side presented information about infrastructure and inland navigation along the Mississippi River and other inland waterways. The Chinese side toured inland waterway and logistics facilities in Memphis.
12. Both sides agreed to hold the 4th maritime consultative meeting in China in 2009.

DONE on December 16th, 2008, in Memphis, Tennessee, in the Chinese and English languages.



Sean T. Connaughton
For the Department of Transportation
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